STATUS OF CLAIMS

In a response of the first Office Communication of March 4, 2003, Applicant amended claims 1, 2, 3, 5-9, 14, 17 and 19 to overcome rejections under 35 U.S.C. § 101 and 35 U.S.C. § 102(b), and to further distinguish Applicant's claimed invention over the references cited by the Office. In response to the second Office Communication of September 8, 2003, claim 42 was amended to correct a typographical error and arguments were presented to rebut establishment of a *prima facie* of obviousness in order to overcome rejections of all of Applicant's claims 1-42 under 35 U.S.C. § 103(a). In a Final Office Communication of March 9, 2004, the Office once again rejected claims 1-42 based on similar reasoning that was used in the Office Communication of September 8, 2003. The current status claims 1 - 42 is shown in APPENDIX A.

STATUS OF AMENDMENTS

There are no outstanding amendments to the application. No amendments have been filed subsequent to final rejection.

ISSUE

Whether Applicant's claims 1-42 are unpatentable under 35 U.S.C. § 103(a) over the Davidson reference, U.S. Patent No. 5,699,527 in view of the CompliancePro reference. Applicant has submitted arguments below to substantiate a lack of a *prima facie* case of obviousness as well as an analysis to substantiate a case of nonobviousness under the Graham Factual Inquiries (see *Graham v. John Deere*, 383 U.S. 1, 148 USPQ 459 (1966)).

ARGUMENTS FOR LACK OF A PRIMA FACIE CASE OF OBVIOUSNESS

The Office has rejected claims 1-42 under 35 U.S.C. § 103(a) as being

unpatentable over Davidson (U.S. Patent 5,699,527) in view of CompliancePro, discussed by Phil Britt. The Office bears the initial burden of establishing a *prima facie* case of obviousness. *See In re Piasecki*, 223 USPQ785, 788 (Fed. Cir. 1984). To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the references or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. *In re Vaeck*, 20 USPQ2d 1438 (Fed. Cir. 1991), MPEP § 2142 and § 2143.

Regarding the first criteria for establishing a *prima facie* case of obviousness, the Office has not cited any reference or provided any suggestion or motivation to combine the references in order to arrive at Applicant's invention. Furthermore, regarding the second criteria, the Office has not cited a reasonable expectation of success even if the references were combined as suggested. The following paragraphs present discussions of the third criteria necessary for the establishment of a *prima facie* case of obviousness.

Discussion of Independent Claim Rejections Under 35 U.S.C. § 103(a)

Regarding independent claim 1 (previously presented), there is no teaching or suggestion in the Davidson and CompliancePro references for (a) "allowing a user to display and enter loan audit compliance data, comprising the steps of receiving and displaying loan audit data on a user interface of a computer system and storing the loan

audit data in a loan data database in the computer system". There is no teaching or suggestion in the Davidson and CompliancePro references for (b) "allowing a user to interactively build loan compliance rules comprising the steps of enabling the user to interactively build loan compliance rules on a user interface of the computer system and storing the loan compliance rules in a loan compliance rules database in the computer system". There is no teaching or suggestion in the Davidson and CompliancePro references for (c) "responding to a loan audit request received from a user on a user interface of the computer system comprising the steps of retrieving the loan compliance rules from the loan compliance rules database, retrieving the loan audit data from the loan data database, comparing the loan compliance rules to the loan audit data to determine a loan audit compliance result, and notifying the loan audit request user of the determined loan audit compliance result.". The Davidson and CompliancePro references fail to disclose each and every element of the claimed invention, arranged as in claim 1. Therefore, a *prima facie* case for unpatentability of claim 1 (previously presented), based on obviousness under 35 U.S.C. § 103 (a), is not supported by the Davidson or CompliancePro references.

Regarding independent claim 2 (previously presented), there is no teaching or suggestion in the Davidson and CompliancePro references for (a) "allowing a user to display and enter loan audit compliance data comprising the steps of receiving and displaying loan audit data on a user interface of a computer system and storing the loan audit data in a loan data database in the computer system". There is no teaching or suggestion in the Davidson and CompliancePro references for (b) "allowing a user to interactively build loan compliance rules on a user interface of the computer system

comprising the steps of using applicable licenses for a geographic boundary, building

loan compliance rules for all applicable licenses available within the geographic

boundary and storing the loan compliance rules in a loan compliance rules database in the

computer system, and associating licenses from the applicable licenses with a loan

originator to form a set of loan originator applicable licenses and storing the list of loan

originator licenses in the loan compliance rules database in the computer system". There

is no teaching or suggestion in the Davidson and CompliancePro references for (c)

"responding to a loan audit request received from a user on a user interface of the

computer system comprising the steps of identifying a loan type and loan originator,

retrieving the loan originator licenses for the loan type and loan originator from the loan

compliance rules database, retrieving the loan compliance rules associated with the loan

originator licenses from the loan compliance rules database, retrieving the loan audit data

from the loan data database, comparing the loan compliance rules with the loan audit data

to determine a loan audit compliance result, and notifying the loan audit request user of

the determined loan audit compliance result". The Davidson and CompliancePro

references fail to disclose each and every element of the claimed invention, arranged as in

claim 2. Therefore, a *prima facie* case for unpatentability of claim 2 (previously

presented), based on obviousness under 35 U.S.C. § 103 (a) is not supported by the

Davidson and CompliancePro references.

Regarding independent claim 22 (original), there is no teaching or suggestion in

the Davidson and CompliancePro references for (a) "electronically transferring loan data

from a user interface embodied in a computer processor to a loan audit server computer

over a communications network". There is no teaching or suggestion in the Davidson and

CompliancePro references for (b) "at the user interface computer, allowing a user to interactively build loan compliance rules using compliance based rule variables and rule building instructions comprising using licenses applicable to the state, building rules for all applicable licenses available within the state, and associating the applicable licenses with a loan originator to form a list of loan originator applicable licenses and storing the loan originator applicable licenses". There is no teaching or suggestion in the Davidson and CompliancePro references for (c) "storing the loan compliance rules in a database connected to the loan audit server computer". There is no teaching or suggestion in the Davidson and CompliancePro references for (d) "in response to a loan audit request, identifying a loan type and the loan originator, retrieving the applicable licenses for the loan type and the loan originator by the loan server, retrieving the loan compliance rules associated with the applicable licenses from the stored rules in the database by the loan server, comparing the loan compliance rules to loan data to determine loan audit compliance results by the loan server, and electronically transferring the loan audit compliance results from the loan server to the user over a communications network". The Davidson and CompliancePro references fail to disclose each and every element of the claimed invention, arranged as in claim 22. Therefore, a *prima facie* case for unpatentability of claim 22 (original), based on obviousness under 35 U.S.C. § 103 (a) is not supported by the Davidson and CompliancePro references.

Regarding independent claim 25 (original), there is no teaching or suggestion in the Davidson and CompliancePro references for (a) "a user interface for displaying and entering loan audit compliance data". There is no teaching or suggestion in the Davidson and CompliancePro references for (b) "a loan audit server communicating with the user

interface that allows a user to interactively build a set of loan compliance rules using compliance base rule variables and rule building instructions, stores the loan compliance rules, and in response to a loan audit request, identifies a loan type, determines the loan compliance rules that apply to the loan type, and compares the loan compliance rules to loan data associated with the loan audit request to determine loan audit results". The Davidson and CompliancePro references fail to disclose each and every element of the claimed invention, arranged as in claim 25. Therefore, a *prima facie* case for unpatentability of claim 25 (original), based on obviousness under 35 U.S.C. § 103 (a) is not supported by the Davidson and CompliancePro references.

Since every element of the claimed invention, arranged as in the independent claims, is not found in the cited prior art references of Davidson and CompliancePro, Applicants' independent claims 1, 2, 22 and 25 are not unpatentable over the Davidson and CompliancePro references under 35 U.S.C. §103(a).

Furthermore, claims 3-21 and 23 are dependent upon independent claim 2, claim 24 is dependent upon independent claim 22, and claims 26-42 are dependent upon independent claim 25. These dependent claims are either directly or indirectly dependent upon independent claims 1, 2, 22 and 25, respectively, and therefore incorporate all the limitations of the independent claims while providing further unique and non-obvious recitations. Therefore, the rejections of these dependent claims based on obviousness are also unsupported by the Davidson and CompliancePro references and should be withdrawn.

Discussion of Dependent Claim Rejections Under 35 U.S.C. § 103(a)

As more fully set forth below, the Office has failed to meet its burden of establishing a *prima facie* case of obviousness under 35 U.S.C. § 103(a) with regard to the rejection of claims 3-21, 23-24 and 26-42. To sustain a *prima facie* case for obviousness under 35 U.S.C. §103(a), the prior art reference (or references when combined) must teach or suggest all claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. The obviousness rejections of Applicant's claims 3-21, 23-24 and 26-42 are unsupported by the Davidson and CompliancePro references, and should be withdrawn.

There are many distinguishing differences between Applicants' invention disclosure and the Davidson and CompliancePro disclosures cited by the Office. As described and claimed in Applicants' specification, the present invention is a computer-implemented method and system for auditing loan compliance with government loan lending and licensing requirements. The Davidson disclosure teaches a method of electronically filing business loan applications. The CompliancePro disclosure teaches a method for providing electronic copies of textual information of lending requirements and for monitoring activities of personnel within a lending institution to ensure that they perform necessary tasks required by regulations.

Regarding Applicant's dependent claim 3 (previously presented), claim 3 claims building rules for all applicable licenses available within the geographic boundary using compliance base rule variables and rule building instructions, and storing the rules in a rule library. There is no disclosure of dependent claim 3 in the Davidson and

CompliancePro references. Therefore, claim 3 is not unpatentable over the cited references under 35 U.S.C. § 103(a). In addition, since claim 3 is dependent on claim 2, which has been shown to be not anticipated, claim 3 is also not anticipated under 35 U.S.C. § 103(a). Therefore the rejection of claim 3 is unsupported by the cited references, and should be withdrawn.

Regarding Applicant's dependent claims 4 -9 (all original), these claims involve allowing a user to add new licenses, to available applicable licenses and to add new rules for the new license, storing loan compliance rules in a rule library, allowing a user to review, change and modify an existing rule in the rule library, and where compliance rule variables represent data elements in a loan file. There is no disclosure of dependent claims 4-9 in the Davidson and CompliancePro references. Therefore, claims 4-9 are not unpatentable over the cited reference under 35 U.S.C. § 103(a). In addition, since claims 4-9 are indirectly dependent on claim 2, which has been shown to be nonobvious, claims 4-9 are also not unpatentable under 35 U.S.C. § 103(a). Therefore the rejections of claims 4-9 are unsupported by the cited references, and should be withdrawn.

Regarding Applicant's dependent claim 10 (original) and claim 11 (original), claim 10 claims allowing the user to build rules by specifying equations using base rule variables. Claim 11, which depends on claim 10 recites the rule building instructions comprise controlling the rule building process to eliminate rule errors. There is no disclosure of dependent claims 10 or 11 in the Davidson and CompliancePro references. Therefore, claims 10 and 11 are not unpatentable over the cited reference under 35 U.S.C. § 103(a). In addition, since claims 10 and 11 are dependent on claim 3, which has been shown to be nonobvious, claims 10 and 11 are also not unpatentable under 35 U.S.C. §

103(a). Therefore the rejection of claims 10 and 11 are unsupported by the cited references, and should be withdrawn.

Regarding Applicant's dependent claims 12-21 (original or previously presented), these claims involve associating loan compliance rules with a license to form a set of assigned compliance rules, defining the geographic boundary as a state, allowing a user to display and enter loan data over a communications network or global communications network to a rule library, identifying and storing applicable exemptions to government license requirements in assigned compliance rules, where loan originator requirements are state loan requirements, where the loan originator requirements are federal loan requirements, where the licensing requirements are state licensing requirements, and where the licensing requirements are federal licensing requirements. There is no disclosure of dependent claims 12-21 in the Davidson and CompliancePro references Therefore, claims 12-21 are not unpatentable over the cited references under 35 U.S.C. § 103(a). In addition, since claims 12-21 are indirectly dependent on claim 2, which has been shown to be not nonobvious, claims 12-21 are also not unpatentable under 35 U.S.C. § 103(a). Therefore the rejections of claims 12-21 are unsupported by the cited references, and should be withdrawn.

Regarding claim 23 (original), since claim 23 is dependent on claim 2, which has been shown above to be not unpatentable over the cited references, claim 23 is also not unpatentable under 35 U.S.C. § 103(a). Therefore the rejection of claims 23 is unsupported by the cited references, and should be withdrawn.

Regarding claim 24 (original), since claim 24 is dependent on claim 22, which has been shown above to be not unpatentable over the cited references, claim 24 is also not

unpatentable under 35 U.S.C. § 103(a). Therefore the rejection of claims 24 is

unsupported by the cited references, and should be withdrawn.

Regarding dependent claims 26-41 (all original), these claims have been rejected

by the Office under 35 U.S.C. §103(a) as being unpatentable over the Davidson and

CompliancePro references. Since claims 26-41 are either directly or indirectly dependent

on independent claim 25, where independent claim 25 has been shown to be not

unpatentable over the Davidson and CompliancePro references under 35 U.S.C.§ 103(a),

claims 26-41 are also not unpatentable under 35 U.S.C. § 103(a). Therefore the rejections

of claims 26-41 are unsupported by the cited references, and should be withdrawn.

Regarding claim 42 (currently amended), since claim 42 is dependent on claim

25, which has been shown above to be not unpatentable, claim 42 is also not unpatentable

under 35 U.S.C. § 103(a). Therefore the rejection of claims 42 is unsupported by the cited

reference, and should be withdrawn.

Discussion of Arguments Presented by the Office in the Final Office Action

The Office has presented a number of citations from the Davidson and

CompliancePro references that it asserts teaches all the elements of Applicant's claimed

invention. The Office has failed to clearly identify elements of Applicant's claims that

allegedly are taught by the citations presented in the Office communication of March 9,

2004. Furthermore, the citations clearly do not identify all elements of Applicant's

claims. As described above, the CompliancePro product is a system requiring multiple

manual inputs to determine regulatory compliance of a lending institution, not a system

and method for determining regulatory compliance of a loan data file as described and

claimed in Applicants disclosure. The Davidson reference merely discloses a method for

electronically filing a loan application and procedures within a lending institution for manually processing that data.

Regarding the Office citation that Davidson discloses several employees of a financial institution review a loan data file submitted by an applicant to ensure that any changes in lending institution information or regulation is complied with. This citation has no relevance to Applicant's claimed invention, since there is no recital in any of Applicant's claim limitations of manual review of a loan data file to ensure that any changes in lending institution information or regulation is complied with. Applicants rely on interactively building computer implemented loan compliance rules from regulatory requirements and automatically comparing these rules to a loan data file to determine a compliance result.

Regarding the Office citation in CompliancePro of operational and administrative software, the CompliancePro "monitoring system" checks compliance of a lending institutions' departmental compliance with regulatory compliance by utilizing questionnaires, checklists and procedural assignments, and generating reports for regulatory and examiner personnel based on inputs from individual employees of the lending institution. There is no disclosure in CompliancePro of automatic compliance determination of loan data files with regulatory requirements by comparing loan compliance rules with the loan data files, as provided in Figures 1 and 2 of Applicant's disclosure.

Regarding the citation by the Office that each institution can tailor the product to match its own business strategy, this has no relevance to Applicant's claims of allowing a user to build computer coded loan data compliance rules, as shown in Applicant's Figures

6-8, and comparing the loan compliance rules with a loan data file to determine a compliance result.

Regarding of the citation by the Office of the obviousness of including various licenses within a lending system loan process, there is no disclosure of determining regulatory compliance of a loan data file by ascertaining whether or not all participants of a loan application process have required licenses, as shown in Applicant's Figure 9. This is indeed one of the unique and nonobvious features of Applicant's invention.

Regarding the Office citation of software compliance with rules and regulations provided in the Federal Guide, the Federal Guide is a text-based recitation of all pertinent rules, regulations and statutes throughout the country. The use of the Federal Guide requires manual selection of appropriate jurisdiction, interpretation and application by an employee of a lending institution. Applicant's compliance rules are user defined computer coded rules, as shown in Figures 6-8, that are derived from rules, regulations and statutes that are applicable to the jurisdiction under consideration. Since many of these requirements vary from state to state and county to county, each jurisdiction generally requires its own set of computer readable compliance rules to determine loan compliance according to Applicant's claimed invention. Applicant's computer coded loan compliance rules provide rules for a particular jurisdiction where the real property that is the subject of a mortgage loan is located, usually based on where a lending institution is located. Applicant's computer coded compliance rules are very different from the textual information found in the Federal Guide. There is no disclosure in the references cited by the Office of compliance rules for automatically determining loan data compliance with regulatory requirements. A reading of several applicable statutes or regulatory codes

would provide ample evidence that generating computer based rules from these sources is far from obvious, and requires extensive investigation, analysis and legal interpretation in view of legislative history, committee reports during formulation of the codes, etc.

Regarding the assertion by the Office that the CompliancePro reference is software for determining compliance of loan data, there is absolutely no teaching or suggestion in the cited reference of determining compliance of loan data. Furthermore, there is also no suggestion in the cited reference of determining regulatory compliance of loan data files according to the present invention. The interpretation of the CompliancePro reference by the Office is clearly erroneous and not supported by a clear reading of the article as a whole.

Regarding the citation by the Office that the CompliancePro reference discloses interactively building compliance rules according to Applicant's claimed invention, as shown in Applicants Figures 6-8, there is no such disclosure in the CompliancePro reference. There is also no disclosure in this reference of comparing compliance rules with loan data files.

Regarding the citation by the Office that the CompliancePro software discloses teaching transferring loan data from one computer to another, there is no disclosure of loan data in the CompliancePro reference much less entering loan data in a computer interface that communicates with a loan audit server and a rules library via a communication network, as described in Applicant's Figure 11.

Since the Office has failed to substantiate a *prima case* for obviousness, the rejections of Applicant's claims 1-42 should be withdrawn and the claims allowed.

ARGUMENTS FOR NONOBVIOUSNESS UNDER THE GRAHAM FACTUAL
INQUIRIES

Summary of Applicant's Invention

The present invention provides an automated computer-implemented method for auditing loan data files to determine compliance with federal, state and other jurisdictional requirements. These requirements place limitations on allowable parameters used in loan origination that loan originators may use in processing and closing a loan, such as limits on interest rates, negative amortization, and excessive fees for property appraisal. They also require certain state, federal and other jurisdictional licenses to be held by participating parties in the loan origination process, such as real estate broker and real estate appraiser licenses. These strict requirements placed on loan origination entities for protection of loan applicants are enforced through use of various penalties including fines and loss of applicable licenses.

For example, the present invention determines whether or not a particular loan data file stored in a computer memory, shown as 11 in Figure 1 of Applicant's disclosure, typically referred to as a loan origination file of a particular loan applicant, meets all the regulatory requirements placed on each individual loan that is processed by a loan originating entity such as a mortgage company or bank. The loan audit data is compared with regulatory requirements, shown as loan compliance rules 13 in Figure 1, to determine, for example, if the interest rate charged on the loan is within Federal consumer protection guidelines for the particular type of loan. It may also be determined if the fees charged by the property appraiser, loan originator, real estate agent, title company, etc. exceed governmental limits. Users having expertise in the application of

regulatory requirements to consumer lending predefine the rules used to process a loan data file. Once the rules for a particular lender and lender jurisdiction have been determined, all loan data files by the lender in that jurisdiction may be processed using these same rules by a loan audit engine shown as 12 in Figure 1, to produce loan audit results, shown as 15 in Figure 1.

A typical embodiment of Applicant's invention is a computer-implemented system and method for auditing loan compliance that includes: (1) allowing a user to display, enter and store loan audit compliance data on a computer user interface shown as 21 in Figure 2; (2) allowing a user to interactively build loan compliance rules on a computer user interface, shown in Figures 6-8, and to store the loan compliance rules in a rules database, shown as 23 in Figure 2; and (3) responding to a loan audit request by retrieving the stored loan compliance rules and stored loan audit data, comparing the loan compliance rules to the loan audit data by the loan audit engine, shown as 12 in Figure 2, to determine a loan audit compliance result, and notifying a user of the loan audit compliance result. Alternatively, loan audit compliance data may be electronically transferred over a communications network, shown as 124 in Figure 11, from a user, shown as 125 in Figure 11, to a loan audit server computer, shown as 121 in Figure 11, for comparing the loan compliance rules, shown as 123 in Figure 11, to the loan audit data to determine a loan audit compliance result, and the loan audit compliance result may be electronically transferred from the loan audit server computer to the user, shown as 125 in Figure 11, over the communications network.

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Scope and Contents of the Cited Art

In rejecting Applicant's claims 1-42 under 35 U.S.C. § 103(a), the Office has

cited U.S. Patent No. 5,699,527 by Davidson and an article in AMERICA'S

COMMUNITY BANKER publication by Phil Bret.

U.S. Patent No. 5,699,527 by Davidson

The cited reference of Davidson discloses a loan processing system for use by a

loan applicant. The Davidson reference discloses a software program that provides an

electronic application to be filled out by a loan applicant. The loan applicant then uploads

the electronic data file comprising the loan application to a lending institution's computer

system. The described benefits to the loan applicant include a savings of paperwork, ease

of updating loan data, and receipt of a business plan derived from the loan data file. The

described benefits to the lending institution include a reduction in paperwork,

standardization of the form of paperwork required, and an ability to ascertain status of a

loan application portfolio. The Davidson reference also discusses (column 5, lines 40-53)

some of the typical internal procedures used by lending institutions as well as

responsibilities of designated personnel who have access to the lending institution's

computer system, such as those responsible for overall review of the lending process,

security issues, legal issues and matters, auditing, etc. In the description of Figure 5 in the

Davidson reference (column 7, line 57 to column 8, line 18), a further description of the

flow diagram is provided of the various functions of personnel and departments within

the lending institution, including persons responsible for loan approval, security,

marketing, auditing, legal, accounting, and payment. The Davidson reference also

describes many benefits (column 9, lines 19-50) that derive from the use of the disclosed

invention, including reports of benefit to an auditor of the loan institution that may

include demographic information, savings of time and paperwork as well as quick access

to data, branch performance reports, quick updates to loan files, and the ability to modify

the content of questions posed to the loan applicant to take into consideration changes in

relevant law or policy of the lending institution.

<u>CompliancePro Article in AMERICA'S COMMUNITY BANKER Publication</u>

The cited reference of CompliancePro by Phil Bret discloses a software system

that includes an extensive database of procedures that enable monitoring of compliance

performance of a lending institution throughout the institution. It enables a lending

institution to audit a financial institution's policies, procedures and internal controls to

ensure that the institution's internal control structure is adequate and functions in

accordance with sound accounting and reporting controls. It relies on monitoring

performance of employees in various departments of the lending institution through

questions contained in "workbooks" to ascertain if the lending institution is in

compliance with regulatory requirements. It is capable of supplying federal and state

compliance information in text format such as the Federal Guide to mortgage lender

subscribers to enable employees to stay abreast of recent changes in laws and regulations.

Appendix B includes copies of several pages from the CompliancePro website at

<u>www.compliancepro.com</u>. Figure 1 of Appendix B is a brief description of the history of

CompliancePro, which includes "Our software, ComplancePro, allows institutions to

prepare and document their compliance and audit efforts for federal regulatory examiners

and third party auditors." Figure 2 of Appendix B is a brief description of the

CompliancePro Compliance Monitoring Systems, which includes "CompliancePro is a

fully automated, menu driven system, which enables you to effectively and efficiently administer and monitor compliance performance throughout your institution." Figure 3 of Appendix B is a brief description of the CompliancePro Internal Audit system, which includes "CompliancePro is a fully automated, menu driven system which enables you to effectively and efficiently audit the financial institution's policies, procedures and internal controls to ensure that the institution's internal control structure is adequate and functions in accordance with sound accounting and reporting controls."

Furthermore, by clicking the "Demo" button on the "Products" drop down menu located on the left side of the CompliancePro website, a more detailed description and demonstration of the capabilities and features of the CompliancePro product may be found. CompliancePro make use of "workbooks" to ensure that a financial institution is in compliance with observing rules and regulations set up by government agencies, including providing suitable documents and reports for regulators and examiners. The demonstration describes workbooks created by a system administrator, which are sent to various people throughout the institution. The workbooks contain questions to be answered by the recipient, and the workbooks are then returned to the system administrator. The system administrator then uses the accumulated answers to generate reports to be provided to regulators and examiners.

Differences Between the Cited art and the Claims in Issue

While Applicant's invention is a system and method for automatically assessing whether a loan data file is in compliance with regulatory requirements, the Davidson and CompliancePro references describe procedures within an organization, and particularly

procedures for determining whether a financial institution's policies, procedures and internal controls are in compliance with regulatory requirements.

In contrast to Applicant's invention, the Davidson reference describes the internal operation of a lending institution where the steps of processing loan applications are performed manually by various personnel based on reports generated from the electronic submission of the loan application by the loan applicant. While the Davidson reference discusses responsibilities of loan auditor personnel ("review of a loan file to ensure that any changes in lending institution information or regulation is complied with", column 7, line 65 to column 8, line 2), it fails to disclose an automated system or method employed to audit loan data files to ensure compliance with regulatory requirements.

In comparison with Applicant's disclosed invention, CompliancePro does not notify a loan audit requester of a determined loan data file audit compliance result based on regulatory requirements such as federal and state regulations, CompliancePro does not audit loan data for compliance with regulatory requirements, and there is no disclosure of this capability in the cited reference. The cited reference does disclose (page 3, line 12-14) that CompliancePro "delegates accountability for compliance throughout a financial institution, and documents procedures performed and exceptions cleared." "It identifies the records and reports that should be filed and what has been filed." (page 3, lines 19-20). In other words, it performs a monitoring function to ensure that various personnel and departments have manually satisfied certain compliance monitoring activities. Also, in comparison with Applicant's disclosed invention, there is no disclosure in the cited reference that would "allow a user to enter a type of loan and related variables and retrieve applicable stored compliance rules and regulations to compare against loan data."

Although the cited reference "enables financial institutions to distribute compliance information electronically between departments and branches" this information consists of text-based information such as textual "workbooks" and the "Federal Guide" as well as other textual summaries of laws and regulations. There is no disclosure in the cited reference of rules derived from these textual requirement documents that are executable by a computer system. There are also no disclosures in the cited reference that "also allow a bank, financial institution or user to build or customize compliance rules". Although the cited reference does disclose, "Each institution can tailor the product to match its own business strategy", there is no disclosure of customizing compliance rules in the cited reference. The support for this description of the capabilities of CompliancePro are found in the cited reference by the Office, but is also supported by the descriptions and demonstrations found on the website of CompliancePro, as described above.

In summary, the CompliancePro reference describes a software product that provides textual compliance information, computer generated checklists and procedures for personnel within a lending institution to follow in order to ensure that procedures used within the lending institution meet regulatory requirements. There is no disclosure of an automated system for comparing loan data with loan compliance rules for determining loan compliance.

When the cited Davidson and CompliancePro references and Applicant's claimed invention are considered as a whole, it is evident that neither the Davidson nor the CompliancePro references possess all of the features of Applicant's claimed invention. There is no disclosure in the Davidson and CompliancePro references of performing the

functions of Applicant's claimed invention of comparing loan compliance rules to loan data to determine loan audit compliance of the loan file with regulatory requirements. Furthermore, even if the cited references of Davidson and CompliancePro were combined, as suggested by the Office, the combination would not equal Applicant's disclosed invention. The result would be a system for monitoring activities within a lending institution to track whether personnel have manually performed assigned duties. There is no disclosure in either of the cited references of an automated loan auditing system for determining compliance of loan data files with federal, state and financial institution rules.

The Level of Ordinary Skill in the Pertinent Art

A person of ordinary skill in the pertinent art would be one knowledgeable in regulatory requirements for mortgage loan data processing by lending institutions as well as having an understanding of high-level software processes relating to mortgage loan processing.

Evidence of a Commercially Successful Solution to a Long Felt Need

Prior to the introduction of Applicant's invention into the commercial marketplace, assessment of loan data compliance with regulatory requirements was conducted by lending institutions on a manual basis by personnel of the lending institution using textual reference material such as the Federal Guide identified in the CompliancePro reference discussed above. Because of the large volume of loan files typically processed by a lending institution and the magnitude of the effort required by lending institution personnel to assess compliance of each loan file, the assessment of loan data compliance was conducted on a sampling basis rather than assessing every loan

file, with the hope that non-assessed loan files were also in compliance with regulatory requirements. In many cases, some loans were not in compliance with regulatory requirements. Failure to comply with governmental regulations oftentimes resulted in not insignificant monetary fines and other punitive measures levied against lending institutions. This resulted in a long felt need for a method of automating the loan data compliance process such that every loan data file was assessed for compliance with regulatory compliance requirements prior to closing the loan.

Applicant's claimed invention provides a solution to this long felt need by enabling a user to collect and process electronic loan data by interactively building computer readable rule sets, and initiating an automated comparison of the electronic loan data against the rule set. The user is then notified of a result of the automated compliance assessment.

Mavent, Inc., formerly Assured Regulatory Compliance, Inc., is the owner of Applicant's claimed invention. As evidence of the commercial success of the present disclosed invention, attached in Appendix C is a letter from the Chief Executive Officer of Mavent, Inc. describing the commercial success of the invention and the nexus of the claimed invention to the commercial success.

Results of Graham Factual Inquiries

The results of the Graham inquiries discussed above show patentable and nonobvious distinctions between Applicant's claimed invention the references of Davidson and CompliancePro cited by the Office. Furthermore, as evidence of secondary considerations, evidence is submitted that shows Applicant's claimed invention is commercially successful solution to a long felt need. Therefore, since the present claimed

invention is nonobvious, the rejections of Applicant's claims 1-42 should be withdrawn and the claims allowed.
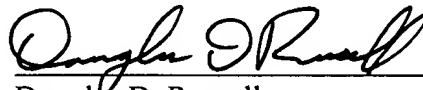
SUMMARY

Applicant has made a diligent effort to place the claims in condition for allowance. Reconsideration and allowance is respectfully requested. However, should there remain unresolved issues that require adverse action, it is respectfully requested that the Examiner telephone Douglas D. Russell, Applicants' Attorney at 512-338-4601 so that such issues may be resolved as expeditiously as possible.

For these reasons, and in view of the above amendment and discussion, this application is now considered to be in condition for allowance and such action is earnestly solicited.

Respectfully Submitted,

May 7, 2004
Date

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